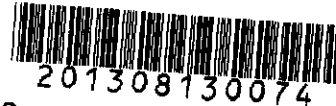


AFTER RECORDING MAIL TO:
GARY T. JONES
PO Box 1245
Mount Vernon, WA 98273



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DEED OF TRUST

THIS DEED OF TRUST, made this 2nd day of August 2013, by and between PAUL B. BUSHUE and CHARLOTTE M. BUSHUE, husband and wife, Grantors, whose address is P. O. Box 506, Edmonds, Washington 98020, and Guardian Northwest Title and Escrow, as Trustee, whose address is 1301B Riverside Drive, Mount Vernon, Washington 98273, and PAUL B. BUSHUE, as Trustee of the Exempt Family Trust under the Last Will and Testament of Leo B. Bushue dated February 13, 1997, Beneficiary, whose address is PO Box 506, Edmonds, Washington 98020;

WITNESSETH: Grantor hereby bargains, sells and conveys to Trustee in Trust, with power of sale, the following described real property in Skagit County, Washington:

Parcel A:

Lots 3 and 4, "DRIFTWOOD TRACTS OF GUEMES ISLAND", according to the plat recorded in Volume 6 of Plats, page 15, records of Skagit County, Washington.

TOGETHER WITH tidelands of the second class, as conveyed by the State of Washington, situate in front of, adjacent to and abutting upon said premises.

Parcel B:

That portion of Government Lot 4, Section 2, Township 35 North, Range 1 East, W. M., being described as follows:

Commencing at the Northeast corner of said Government Lot 4; thence South 0°54' East along the East line of said Government Lot 4 a distance of 239.70 feet to the Southeast corner of that certain tract of land conveyed to Evan M. Nelsen by deed recorded under Auditor's File No. 655158; being also the true point of beginning; thence South 89°53' West along the South line of said Nelsen tract a distance of 755.51 feet to the East line of the county road; thence South 12°31' West a distance of 116.07 feet; thence North 89°53' East a distance of 782.43 feet to the East line of said Government Lot 4; thence North 0°54' West a distance of 113.27 feet to the true point of beginning.

SUBJECT to Paragraphs A through D of the Schedule B-1, attached hereto and made a part hereof by this reference.

Assessor's Property Tax Parcel/Account Number(s): P65121 / 3905-000-004-0006

IT IS MUTUALLY AGREED THAT:

1. In the event any portion of the property is taken or damaged in an eminent domain proceeding, the entire amount of the award or such portion as may be necessary to fully satisfy the obligation secured hereby, shall be paid to Beneficiary to be applied to said obligation.

2. By accepting payment of any sum secured hereby after its due date, Beneficiary does not waive its right to require prompt payment when due of all other sums so secured or to declare default for failure to so pay.

3. The Trustee shall reconvey all or any part of the property covered by this Deed of Trust to the person entitled thereto, on written request of the Grantor and the Beneficiary, or upon satisfaction of the obligation secured and written request for reconveyance made by the Beneficiary or the person entitled thereto.

4. Upon default by Grantor in the payment of any indebtedness secured hereby or in the performance of any agreement contained herein, all sums secured hereby shall immediately become due and payable at the option of the Beneficiary. In such event and upon written request of Beneficiary, Trustee shall sell the trust property, in accordance with the Deed of Trust Act of the State of Washington, at public auction to the highest bidder. Any person except Trustee may bid at Trustee's sale. Trustee shall apply the proceeds of the sale as follows: (1) to the expense of the sale, including a reasonable Trustee's fee and attorney's fee; (2) to the obligation secured by this Deed of Trust; (3) the surplus, if any, shall be distributed to the persons entitled thereto.

5. Trustee shall deliver to the purchaser at the sale its deed, without warranty, which shall convey to the purchaser the interest in the property which Grantor had or had the power to convey at the time of his execution of this Deed of Trust, and such as he may have acquired thereafter. Trustee's deed shall recite the facts showing that the sale was conducted in compliance with all the requirements of law and of this Deed of Trust, which recital shall be prima facie evidence of such compliance and conclusive evidence thereof in favor of bona fide purchaser and encumbrancers for value.

6. The power of sale conferred by this Deed of Trust and by the Deed of Trust Act of the State of Washington is not an exclusive remedy; Beneficiary may cause this Deed of Trust to be foreclosed as a mortgage.

7. In the event of the death, incapacity, disability or resignation of the Trustee, Beneficiary may appoint in writing a successor trustee, and upon the recording of such appointment in the mortgage records of the county in which this Deed of Trust is recorded; the successor trustee shall be vested with all powers of the original trustee. The trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which Grantor, Trustee or Beneficiary shall be a party unless such action or proceeding is brought by the Trustee.



which real property is not used principally for agricultural or farming purposes, together with all the tenements, hereditaments, and appurtenances now or hereafter thereunto belonging or in any wise appertaining, and the rents, issues and profits thereof. This deed is for the purpose of securing performance of each agreement of grantor herein contained, and payment of the sum of Three hundred thousand Dollars (\$300,000.00), with interest, in accordance with the terms of a promissory note of even date herewith, payable to Beneficiary, or order, and made by Grantor, and all renewals, modifications and extensions thereof, and also such further sums as may be advanced or loaned by Beneficiary to Grantor, or any of their successors or assigns, together with interest thereon at such rate as shall be agreed upon.

To protect the security of this Deed of Trust, Grantor conveys and agrees:

1. To keep the property in good condition and repair; to permit no waste thereof; to complete any building, structure or improvement being built or about to be built thereon; to restore promptly any building, structure or improvement thereon which may be damaged or destroyed; and to comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the property.

2. To pay before delinquent all lawful taxes and assessments upon the property; to keep the property free and clear of all other charges, liens or encumbrances impairing the security of this Deed of Trust.

3. To keep all buildings now or hereafter erected on the property described herein continuously insured against loss by fire or other hazards in an amount not less than the total debt secured by this Deed of Trust. All policies shall be held by the Beneficiary, and be in such companies as the Beneficiary may approve and have loss payable first to the Beneficiary, as its interest may appear, and then to the grantor. The amount collected under any insurance policy may be applied upon any indebtedness hereby secured in such order as the Beneficiary shall determine. Such application by the Beneficiary shall not cause discontinuance of any proceedings to foreclose this Deed of Trust. In the event of foreclosure, all rights of the Grantor in insurance policies then in force shall pass to the purchaser at the foreclosure sale.

4. To defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee, and to pay all costs and expenses, including cost of title search and attorney's fees in a reasonable amount, in any such action or proceeding, and in any suit brought by Beneficiary to foreclose this Deed of Trust.

5. To pay all costs, fees and expenses in connection with this Deed of Trust, including the expenses of the Trustee incurred in enforcing the obligation secured hereby and Trustee's and attorney's fees actually incurred, as provided by statute.

6. Should Grantor fail to pay when due any taxes, assessments, insurance premiums, liens, encumbrances or other charges against the property hereinabove described, Beneficiary may pay the same, and the amount so paid, with interest at the rate set forth in the note secured hereby, shall be added to and become a part of the debt secured in this Deed of Trust.



8. This Deed of Trust applies to, inures to the benefit of, and is binding not only upon the parties hereto, but on their heirs, devisees, legatees, administrators, executors and assigns. The term "Beneficiary" shall mean the holder and owner of the note secured hereby, whether or not named as Beneficiary herein.

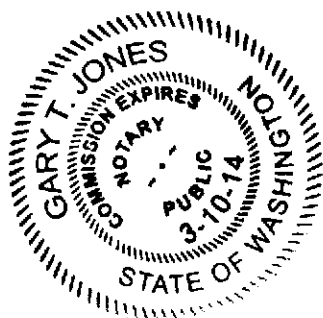
Paul B. Bushue
PAUL B. BUSHUE

Charlotte M. Bushue 8/2/13
CHARLOTTE M. BUSHUE

STATE OF WASHINGTON)
) ss.
COUNTY OF SKAGIT)

On this 2nd day of August 2013, before me, the undersigned, personally appeared PAUL B. BUSHUE and CHARLOTTE M. BUSHUE, to me known to be the individuals described in and who executed the within and foregoing instrument, and acknowledged to me that he/she signed the same as their free and voluntary act and deed for the uses and purposes therein mentioned.

GIVEN UNDER MY HAND AND OFFICIAL SEAL this 2nd day of August 2013.



Gary T. Jones
Notary Public in and for the State of Washington
Residing at Mount Vernon
My commission expires: 3/10/2014



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REQUEST FOR FULL RECONVEYANCE

Do not record. To be used only when note has been paid.

TO: TRUSTEE

The undersigned is the legal owner and holder of the note and all other indebtedness secured by the within Deed of Trust. Said note, together with all other indebtedness secured by said Deed of Trust, has been fully paid and satisfied; you are hereby requested and directed, on payment to you of any sums owing to you under the terms of said Deed of Trust, to cancel said note above mentioned, and all other evidence of indebtedness secured by said Deed of Trust delivered to you herewith, together with the said Deed of Trust and to reconvey, without warranty, to the parties designated by the terms of said Deed of Trust, all the estate now held by you thereunder.

Dated: _____, 20____.

Do not lose or destroy this Deed of Trust OR THE NOTE which it secures. Both must be delivered to the Trustee for cancellation before reconveyance will be made.



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SCHEDULE "B-1"

EXCEPTIONS:

- A. Reservations contained in deed from the State of Washington recorded under Auditor's File No. 106584, reserving to the grantor all oil, gases, coal, ores, minerals, fossils, etc., and the right of entry for opening, developing and working the same and providing that such rights shall not be exercised until provision has been made for full payment of all damages sustained by reason of such entry.

(Affects Tidelands only)

B. EASEMENT, INCLUDING THE TERMS AND CONDITIONS THEREOF:

Grantee: John A. Ervine
Dated: MARCH 9, 1951
Recorded: MARCH 29, 1951
Auditor's No.: 458628
Purpose: For construction of a drainage ditch
Area Affected: East 10 feet of subject property

- C. Restrictions on other tracts in said plat imposed by instrument under Auditor's File Nos. 531431, 531432 and 549887, which may be notice of a common plan, as follows:

"No open sewage will ever be permitted, which agreement shall be binding to all successors and assigns of the vendee herein and run as a condition of the ownership of the said property and shall be for the benefit of any and all other owners of other tracts in the aforesaid plat with the right of such other owners of cause enforcement of this agreement."

- D. Right of the general public to the unrestricted use of all the waters of a navigable body of water not only for the primary purposes of navigation, but also for corollary purposes, including (but not limited to) fishing, boating, bathing, swimming, water skiing and other related recreational purposes, as those waters may affect the tidelands, shorelands, or adjoining uplands, and whether the level of the water has been raised naturally or artificially to a maintained or fluctuating level, all as further defined by the decisional law of this state. (Affects all of the premises subject to such submergence.)



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